Message Text

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PAGE 01 STATE 216549 ORIGIN EB-08

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CONFIDENTIAL STATE 216549

E.O. 11652: GDS

TAGS: EAIR, MX

SUBJECT: CIVAIR: US-MEXICO CIVIL AVIATION NEGOTIATIONS

1. DEPT WISHES TO TAKE EVERY APPROPRIATE STEP TO ENCOURAGE FAVORABLE OUTCOME OF NEGOTIATIONS WHICH ARE TO START ON SEPT 19. IN PREVIOUS SESSIONS, MEXICAN AIRLINE INTERESTS, AS REPRESENTED BY THE DIRECTORATE GENERAL OF CIVIL AVIATION, WERE SUCCESSFUL IN OVERRIDING MEXICAN TOURISM INTERESTS BY PREVAILING ON PRINCIPAL GOM DECISION MAKERS TO ADOPT PROTECTIONIST NEGOTIATING POLICIES. SUCH POLICIES HAVE RESULTED IN REPEATED FAILURE TO NEGOTIATE EXPANDED AIRLINE ROUTE PATTERNS WHICH COULD BETTER MEET THE NEEDS OF THE TRAVELING PUBLIC. IF WE ARE TO AVOID ANOTHER STALEMATE, IT IS IMPERATIVE THAT THE HIGHEST LEVELS OF GOM BE PERCONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 216549

SUADED OF THE MUTUAL BENEFITS OF A NEW AGREEMENT THAT WOULD EXPAND US ROUTES TO MEXICO AND BEYOND. THIS ISSUE WAS HIGHLIGHTED DURING THE VISIT OF ASSISTANT SECRETARY OF COMMERCE FOR TOURISM, FABIAN CHAVEZ, JR., WITH PRESIDENT LOPEZ PORTILLO ON JULY 21 IN CONNECTION WITH THE MEETING OF THE US-MEXICO TOURISM SUBGROUP OF THE BILATERAL CONSULTATIVE MECHANISM ESTABLISHED BY PRESIDENTS CARTER AND

LOPEZ-PORTILLO.

2. WE BELIEVE THAT A NEW AGREEMENT WITH EXPANDED ROUTES WOULD BE OF MUTUAL BENEFIT TO BOTH MEXICO AND US. WE ATTACH PRIORITY IMPORTANCE TO PERMITTING GROWTH OF INTER-NATIONAL AVIATION NETWORK SO THAT TRAVELLERS AND SHIPPERS ARE SERVED WITH MAXIMUM CONVENIENCE AND MINIMUM COST. WE ARE WILLING TO ACCEPT THAT RESULT OF THIS EXPANSION MAY BE NET BALANCE OF PAYMENTS OUTFLOW FOR US BECAUSE MOST TRAVELLERS, PARTICULARLY BETWEEN US AND MEXICO, ARE US CITIZENS GOING ABROAD RATHER THAN FOREIGNERS COMING TO US. WE ASSUME THAT GOM PRIORITIES ARE DIFFERENT. GOM UN-DOUBTEDLY HAS INTEREST IN MAINTENANCE AND GROWTH OF MEXICAN AIRLINES, AND THIS WILL BE POSSIBLE UNDER TYPE OF AGREEMENT WE PROPOSE. WE INTEND TO BE RESPONSIVE IN MAKING APPROPRIATE ADJUSTMENTS IN THE MEXICAN ROUTE SCHEDULE SO THAT MEXICAN AIRLINES CAN PARTICIPATE IN THE BENEFITS OF A GROWING TRAVEL MARKET. WE WOULD EXPECT, HOWEVER, THAT GOM'S PARAMOUNT INTEREST RELATES TO ECONOMIC DEVELOPMENT GOALS. ROUTE EXPANSION THAT WE ENVISAGE. REGARDLESS OF WHOSE CARRIERS DERIVE GREATER BENEFIT, WOULD HAVE MAJOR BENEFICIAL EFFECTS ON THE MEXICAN BALANCE OF PAYMENTS AND ECONOMIC DEVELOPMENT BY INCREASING FOREIGN TOURIST SPENDING IN MEXICO. WE HOPE THAT GOM NEGOTIATORS WILL BE GUIDED BY THIS BROAD MEXICAN INTEREST RATHER THAN THE MUCH NARROWER ONE OF PROTECTING MEXICAN AIRLINES. CONFIDENTIAL.

CONFIDENTIAL

PAGE 03 STATE 216549

- 3. WE HAVE A NUMBER OF INDICATIONS THAT FOREGOING CONSIDERATIONS ARE UNDERSTOOD AND SUPPORTED AT POLICY LEVEL OF GOM. WE ARE CONCERNED THAT AT LEVEL OF OFFICIALS RESPONSIBLE FOR ACTUAL CONDUCT OF NEGOTIATIONS, HOWEVER, NARROWER AVIATION VIEWS MAY PREVAIL. EMBASSY SHOULD APPROACH GOM AT HIGHEST USEFUL LEVEL, POSSIBLY INCLUDING THE PRESIDENT, TOSTATE THAT USG ATTACHES CONSIDERABLE IMPORTANCE TO NEGOTIATIONS BEGINNING SEPTEMBER 19. DRAWING ON PARA 2 ABOVE, EMBASSY SHOULD SAY THAT OUR NEGOTIATORS HAVE BEEN INSTRUCTED TO BE FORTHCOMING AND CONSTRUCTIVE IN WORKING TOWARD A GROWTH-ORIENTED AGREEMENT THAT WILL BENEFIT BOTH MEXICO AND US, AND WE HOPE THAT MEXICAN NEGOTIATORS HAVE SIMILAR INSTRUCTIONS.
- 4. PLEASE REPORT OUTCOME OF THESE APPROACHES. VANCE

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